

---

## **The Minutes of the meeting of the Audit, Governance and Standards Committee, held in Committee Room 1, County Hall, Chelmsford on Monday 25 March 2024**

A [YouTube recording](#) of the meeting can be found online.

### **Present:**

#### **Members of the Committee:**

Cllr Chris Siddall	Vice Chairman (in the Chair)
Cllr Anthony McQuiggan	
Cllr Susan Barker	
Cllr David King	
Cllr Aidan McGurran	
Cllr Mark Platt	
Cllr Laureen Shaw	
Mr Atta Ul Haque	Independent Member appointed to the Committee

#### **ECC Officers:**

Christine Golding	Chief Accountant
Stephanie Mitchener	Director, Finance
Paula Clowes	Head of Assurance
Paul Turner	Director, Legal and Assurance
Emma Tombs	Democratic Services Manager
Sophie Crane	Senior Democratic Services Officer
Ben Finlayson	Director, Property and Investment and Delivery (item 3)
Elliot Smith	Head of Infrastructure Delivery (item 3)
Jonathan Schifferes	Head of Housing and Garden Communities (item 3)
Tom Blackburne-Maze	Director, Highways and Transport (item 3)

### **Also present:**

External Auditors:  
Mr Ciaran McLaughlin BDO LLP

### **Welcome and Introduction**

Cllr Chris Siddall, Vice Chairman of the Committee, and in the Chair for the meeting, welcomed those in attendance.

## **1. Membership, Apologies, Substitutions and Declarations of Interest**

The report of Membership, Apologies and Declarations was received, and it was noted that:

- 
- The Membership of the Audit, Governance and Standards Committee was as shown in the report.
  - Apologies had been received from Cllr Anthony Hedley and Cllr Wendy Stamp.
  - There was a vacancy on the Committee following the very sad news of the death of Cllr Luke Mackenzie, those present observed a one-minute silence as a mark of respect.
  - No declarations of interests were made.

Cllr Chris Siddall reminded Members that any interests must be declared during the meeting, if the need to do so arose.

## **2. Minutes and Matters Arising**

The minutes of the meeting held on Thursday 25 January 2024 were approved as a correct record, pending the correction of the spelling of Cllr Jaymey McIvor's name.

## **3. Housing Infrastructure Fund (HIF) Audits: Update on Implementation of Overdue Internal Audit Recommendations**

Paula Clowes, Head of Assurance provided some initial context on this item, which had been requested by Members following the limited assurance rating which had been given to the internal audits of the Chelmsford North-East Bypass and the Beaulieu Park Station projects in 2023. The audits had been commissioned due to increasing costs and had been undertaken by a specialist auditor. Updates on the recommendations, which had been agreed by the service, had not been provided to the Internal Audit Team and the recommendations were therefore still reported as open.

Ben Finlayson, Director, Property and Investment and Delivery presented the report, advising that Steve Evison, Director, Sustainable growth was unable to attend and that Jonathan Schifferes, Head of Housing and Garden Communities, was present to respond to questions regarding the detail of the Beaulieu Park Station project.

Ben Finlayson provided background information on both projects which were part funded by the Housing Infrastructure Fund (HIF), a government capital grant programme for new physical Infrastructure to support new housing developments across England. Ben provided an overview of progress against the audit recommendations to date and reported that 14 of 35 had been completed according to the records held by the project team. Ben undertook to ensure that the Internal Audit Team were updated with the detail relating to that activity in the expectation that records would then align.

Members put a number of questions and points of clarification to the team and requested that a written update on the wider lessons learnt and implementation be provided to the Audit, Governance and Standards Committee.

---

## **Resolved**

That the progress made to date in addressing the recommendations identified in the two HiF audit reports, along with the timescales for addressing the outstanding issues was noted.

That the Committee noted that while the audit was undertaken in relation to the HIF projects, ECC were reviewing and progressing the recommendations with a view to how the lessons learnt were applied across all major projects, thereby improving the way we work and manage our current and future programme.

### **4. Internal Audit Charter**

Paula Clowes, Head of Assurance introduced the report (AGS/09/24) and confirmed that the Charter was a requirement of the Public Sector Internal Audit Standards and had been reviewed for 2024. The only changes which had been made were to the date and to update the design to the ECC corporate template and colours.

It was clarified that all members of the Internal Audit Team were required to complete a Declaration of Interests.

## **Resolved**

That the revised Charter in the form presented at appendix 1 was adopted.

### **5. Internal Audit and Counter Fraud Progress Report**

Paula Clowes, Head of Assurance introduced the report (AGS/10/24) noting the following points in particular:

- No audits had received No Assurance
- One audit had received a limited assurance rating
- Two audits had received a Satisfactory Assurance/Reasonable Progress rating.
- Five audits had received a Good Assurance rating.
- As at 29 February there had been 28 Major and 82 Moderate internal audit recommendations open. There had been no open Critical recommendations.
- The work of the Counter Fraud Team had resulted in the successful prosecution of a Care Home provider who pleaded guilty to 8 offences of fraud by false representation, contrary to Sections 1 and 2 of the Fraud Act 2006 and a repayment to the council of £151,792.29 of fraudulently obtained Covid-19 grant funding. The perpetrator had been sentenced to 38 months in prison.

---

It was clarified that the Covid-19 grant funding fraud had been uncovered because a member of staff had been concerned about the validity of invoices and had referred the matter to the Counter Fraud Team. Following the investigation, the Counter Fraud Team delivered additional staff training and there was subsequently a high degree of confidence in the processes which were put in place in relation to Covid-19 grant funding.

It was noted that learning from individual Counter Fraud cases was shared, where relevant, to improve processes within ECC and that best practice was shared across the sector.

It was noted that a number of the overdue internal audit recommendations related to the two audits covered in agenda item 3 and therefore likely did not represent a general increase in overdue recommendations.

### **Resolved**

That progress in audit and counter fraud activity was noted.

## **6. Internal Audit and Counter Fraud Plan 2024/25**

Paula Clowes, Head of Assurance introduced the report (AGS/11/24) which set out the draft plan for the forthcoming financial year and Members were invited to make comments on the plan.

Members considered that audit reference 'CFE5', relating to delays to provider payments in the Children, Education and Families Service, should be a key area of focus.

It was clarified that the two audits considered at agenda item 3 would automatically be the subject of follow up audits due to their original limited assurance ratings.

Paul Clowes undertook to come back to Members with suggestions as to how ECC's EHCP (Educations, health and Care Plans) and SEND performance could be reported in the context of the audit plan.

Members raised the issue of the availability of childcare in Essex and considered that the topic was perhaps better suited to a Scrutiny review than an Internal Audit and suggested that a referral to the appropriate committee was made.

### **Resolved**

That the Internal Audit and Counter Fraud Plan for 2024/25 in the form at Appendix A was approved.

That a referral to the People and Families Scrutiny Committee to consider adding the availability of childcare in Essex be made.

---

## **7. Risk Management Update**

Paula Clowes, Head of Assurance, introduced the six-monthly report (AGS/12/24) which provided a detailed summary of ECC's recent risk management activity. Mr Atta UI Haque asked what the primary factor contributing to the increase in legal and regulatory risks was, and Paula Clowes undertook to respond by email.

### **Resolved**

That the activity in relation to risk management and the Strategic Risk Register was noted.

## **8. Local audit delays: proposals to clear the backlog and embed timely audit**

Christine Golding, Chief Accountant, introduced the report (AGS/13/24) which outlined proposals by the Department for Levelling Up, Housing and Communities and the National Audit Office for clearing the backlog of local audits. The proposals set a backstop date of 30 September 2024 by which historical audits would need to be concluded, and a requirement for auditors to issue a modified or disclaimed audit opinion if their audit work was incomplete by this date. It was noted that BDO expected to complete the Council's external audits for 2021/22 and 2022/23 by the proposed backstop date and, that being the case, would not need to issue a modified or disclaimed audit opinion.

### **Resolved**

That the report was noted.

## **9. Update on the 2021/22 and 2022/23 external audits of the Council and Essex Pension Fund**

Christine Golding, Chief Accountant, introduced the report (AGS/14/24) and explained the proposed timeline for finalising the 2022/23 accounts.

It was noted that the Committee had already seen the draft 2022/23 statement of accounts at its meeting in June 2023, at which time the Section 151 officer had not certified it, due to the prior two year's outstanding audits. Therefore, the period of public inspection had not commenced, the period having to run for 30 working days and to take place before the auditor could close the 2022/23 audit.

There would need to be minor changes to the 2022/23 draft as a result of the conclusion of the prior two years audits, then once updated and certified, the period of public inspection could commence. Any delay to this process could mean that the audit was not completed by the backstop deadline. Therefore, Members were asked to agree that the updated draft would not be presented to a Committee meeting and instead Committee Members would receive the updated draft individually and the Committee would subsequently receive it for approval when the audit was completed.

---

Mr Ciaran McLaughlin of BDO informed Members that work was underway on both the 2021/22 and the 2022/23 audits and that ECC was BDO's priority in terms of local government work. The intention was to present the 2021/22 audit to the Committee in July 2024 and to present the 2022/23 audit in September 2024. There would be one Value for Money report covering both years, also presented in September 2024. Members welcomed this update and positive direction of travel.

Members noted that Stephanie Mitchener, Director, Finance would monitor the capacity of the ECC finance team, given that the concurrent audit work would create significant additional pressure on the team.

### **Resolved**

That the report, including the appended update from BDO LLP on the status of the 2021/22 and 2022/23 audits, was noted.

That the updated draft 2022/23 statement of accounts would be circulated to members of the committee once certified by the Section 151 officer but would not be considered at a meeting until after the period of public consultation on the accounts.

## **10. Closure of Accounts 2023/24**

Christine Golding, Chief Accountant, introduced the report (AGS/15/24) and confirmed that the statutory deadline for production and publication of the draft accounts for 2023/24 was 31 May 2024 and that the intention was to present the accounts to Committee on 10 June 2024. It was noted that this deadline would be very challenging as a result of the work involved in the prior year's outstanding audits.

It was further noted that Ernst and Young, the Council's incoming auditor had not yet contacted ECC regarding starting their work on the audit of the 2023/24 accounts and that proposals for temporary changes to the CIPFA LASAAC Code of Practice on Local Authority Accounting for 2023/24 and 2024/25 were unlikely to be confirmed until late April. Both matters had the potential to create additional pressures on the ECC Finance Team at an already busy time.

### **Resolved**

That the report was noted.

## **11. Audit scale fees for 2023/24**

Christine Golding, Chief Accountant, introduced the report (AGS/16/24) which outlined the audit scale fees set by Public Sector Auditor Appointments (PSAA) for 2023/24. The Council's external auditor, appointed by the PSAA, was Ernst and Young. Following consultation, the PSAA had set the 2023/24 scale fees at

---

£399,316 for the Council and £98,510 for the Essex Pension Fund. This was an increase of approximately 150% on the total fees for 2022/23. Members discussed the significant of this increase and noted that ECC had made budget provision for this.

**Resolved**

That the report was noted.

**12. Work Programme**

The work programme was noted.

**13. Date of next Meeting**

It was noted that the next meeting was scheduled for 15 April 2024.

**Chairman  
2024**